



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 1

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BOSTON, MASSACHUSETTS 02114-2023

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Return Receipt 7002 0860 0000 6591 2141

June 2, 2004

FILE COPY

Michael A. Teague, Ph.D.
Vice President / ESHA
Clariant Corporation
4000 Monroe Road
Charlotte, North Carolina 28205

Re: Proposed Conceptual Site Model for Red Pigments 214 and 414

Dear Dr. Teague:

This is in response to your April 30, 2004 letter regarding a proposed approach for assessing potential exposure risks associated with the use of Clariant Red Pigments 214 and 414. The proposed approach includes the development of a work plan for EPA's review and approval, that will assist in the development of a Conceptual Site Model for these pigments. A description of the proposed approach was provided via an attached letter from BBL Sciences, Inc, who you have selected to assist you with this project. In your letter, you request EPA's concurrence on this approach.

EPA has reviewed your request and the proposed approach provided by BBL and agrees that given the complexity and importance of this project, that the proposed approach is reasonable. As you acknowledge in your letter, this is a high priority project and EPA expects Clariant to submit its work plan as soon as possible so that the assessment can proceed.

Should you have any questions regarding this, please feel free to call me at (617)918-1527.

Sincerely,

Kimberly N. Tisa, PCB Coordinator
Office of Ecosystem Protection

cc: T. Olivier, EPA
M. Milette, EPA
L. Casey, EPA-HQ

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Clariant Corporation

4000 Monroe Road
Charlotte, NC 28205
704.331.7000

Via FedEx

April 30, 2004

MAY 1 - 2004

Kimberly Tisa, PCB Coordinator (CPT)
USEPA
1 Congress Street, Suite 1100
Boston, MA 02114-2023

RE: Red Pigment Project

Dear Ms. Tisa:

Clariant Corporation would like to provide you with an update on the red pigment project and request your feedback before we proceed with additional work.

As you recall, there were two primary action items resulting from the last meeting between Clariant and EPA on this subject. The first item was to resolve the conflict of interest question regarding EPA's risk assessment contractor, Versar. I understand that Erin Russell and Tom Olivier recently agreed that no conflict of interest exists that precludes Versar's participation in this project.

The second item was for Clariant to provide EPA with a risk assessment work plan based on an outline provided by you. As you know, Clariant has retained BBL Sciences, Inc to provide expert assistance in addressing the Agency's questions. At our last meeting, BBL was represented by Dr. Michael Ginevan and Dr. Nathan Karch. Clariant was informed by Dr. Ginevan on March 18 that both he and Dr. Karch were planning to leave BBL to pursue careers elsewhere. For various reasons, Clariant decided to maintain BBL as a service provider and not to follow these gentlemen to their new employer.

Clariant's new point of contact with BBL for this project is Dr. John Schell. Dr. Schell is an experienced risk assessor with particular expertise in PCBs. Clariant believes that Dr. Schell brings experience to the table that is directly relevant to the contaminated pigment issue, and that his approach to this project will be both structured and methodical. Clariant agrees with Dr. Schell that each step of the project should be preceded by a plan of action that is approved by the Agency, with all questions raised and worked out in advance of the actual investigative work being performed. This should be of significant benefit to both Clariant and EPA in that it will maximize our focus and efficiency for data gathering and analysis by following a well-defined and pre-agreed plan of action. Ultimately, this will save time and money, minimize confusion and provide the Agency with final, satisfactory answers faster.

Over the past several weeks, Dr. Schell has spent time reviewing the details of the project and formulating his own opinions regarding how to begin the work. In the attached memorandum, Dr. Schell has documented his plan for creating a work plan to achieve a Conceptual Exposure Model. Clariant respectfully requests the Agency to review this document with Versar to confirm the direction we plan to take from this point

*Kimberly Tisa, EPA
April 30, 2004
Page 2*

achieve a Conceptual Exposure Model. Clariant respectfully requests the Agency to review this document with Versar to confirm the direction we plan to take from this point forward. We welcome the opportunity to discuss this with you and the risk assessors, either in person or over the phone, so that everyone is comfortable with the intended approach. At your earliest convenience, please advise as to your preference for providing any feedback to this document.

Clariant wishes to assure you that this project remains a high priority for us to resolve in a cooperative manner. We have worked over the past several weeks directly with customers to gather information on end uses and sample availability. We look forward to your response to this letter.

Sincerely,

CLARIANT CORPORATION



Michael A. Teague, Ph.D.
Vice President / ESHA

Enclosure

cc: Erin Russell, Esq.
John Schell, Ph.D.
John Paul
Robert Freet, Ph.D.

BBL[®] Sciences

BLASLAND, BOUCK & LEE, INC.
engineers & scientists

Transmitted Via Federal Express

April 28, 2004

Mike Teague
Vice President, ESHA
Clariant Corporation
4000 Monroe Road
Charlotte, NC 28205

Re: Conceptual Exposure Model
BBL Project #: 22780

Dear Mr. Teague:

Clariant Corporation (Clariant) requested that BBL Sciences develop an approach consistent with United States Environmental Protection Agency (USEPA) methodology to begin evaluating potential exposure and risks associated with contaminants detected in specific lots of Pigment Red 214 and 414. We propose to develop and submit to the USEPA for its review and approval a work plan for developing a Conceptual Exposure Model (CEM) to assist in understanding the potential nature, extent, and distribution of polychlorinated biphenyls (PCBs) associated with the specific lots of Pigment Red 214 and 414. The development of a CEM will allow an evaluation of the applicability of all currently available data that has been generated to date and to identify data gaps. The work plan will contain approaches for filling any identified data gaps as well as recommendations that will propose specific "next steps" in terms of data collection that will be used in discussion with USEPA as a path forward. Additional data will not be collected until the efforts have been approved by USEPA. The CEM developed will form the basis of identifying the specific exposure scenarios that will be evaluated in a risk assessment context. In the following paragraphs, we briefly outline our proposed approach.

INTRODUCTION

A Conceptual Exposure Model (CEM) forms the basis of identifying exposure scenarios that need to be evaluated in a risk assessment context (USEPA, 2004). Initially developed from existing information and relevant data, a CEM characterizes all potential or suspected sources of a chemical or chemicals of concern, types and concentrations of chemicals detected in primary products, transportation and distribution of primary products to secondary users, potentially affected media, and potential exposure pathways, including potential receptors (USEPA, 2002; USEPA, 2004). The objective of a CEM is to evaluate existing product-specific data to develop an understanding of the potential nature, extent, and distribution of contaminated products and to identify significant data gaps. The exposure scenarios that are identified during the development of a CEM are a function of the potentially exposed population, the

possible routes of exposure to chemicals of concern, and the pathways by which chemicals of concern reaches a human receptor.

Consistent with the above, the objective of the proposed work plan is to develop a CEM using existing information to develop an understanding of the potential nature, extent, and fate of PCBs associated with the production, sale and use of specific lots of Pigment Red 214 and 414. The compilation of this basic information will guide the identification of potential:

- Chemicals of concern (i.e., PCBs) in the specific lots of Pigment Red;
- Use of Pigment Red by primary customers;
- Materials and products potentially containing Pigment Red;
- Potential exposure pathways and routes; and,
- Receptors, including the identification of potentially sensitive populations.

The CEM will also be used in the identification of data gaps. Thus, the CEM can be used as a planning tool, directing further investigations and allocating resources to address data needs, elucidating exposure pathways, and identifying specific human receptors. The CEM will include a visual presentation of exposure conditions and provide a narrative description of the assumptions used in the model. The information in the CEM will be used to develop risk assessment data quality objectives (DQOs) and prioritize additional sampling activities, thereby reducing the uncertainty associated with risk characterization (ORNL, 2004).

The USEPA's Office of Environmental Policy and Guidance has developed a user-friendly computer graphics tool – the Site Conceptual Exposure Model (SCEM) Builder – in order to streamline the process of CEM development (<http://homer.ornl.gov/oepa/programs/scem.cfm>). Although the tool was developed for assessing hazardous waste sites in the CERCLA and RCRA programs, the principals and concepts are applicable to evaluating potential risks associated with the presence of PCB-containing Red Pigments in end-use products, and hence will be used in the development of the CEM.

IDENTIFICATION OF POTENTIAL EXPOSURE PATHWAYS AND RECEPTORS

A considerable amount of “institutional knowledge” exists for the production, sale, and use of Pigment Red 214 and 414. This information will form the basis of the CEM. The CEM will also identify the exposure media, exposure pathways, exposure routes, and potential human receptors. These concepts will be illustrated in an exposure pathway diagram for human receptors. All potential exposure pathways and receptors will be identified in the CEM. An exposure pathway analysis consisting of the following four elements will be completed:

- A source and mechanism of chemical release to the environment (e.g., PCBs present in the Pigment Red);
- A relevant environmental transport medium (e.g., PCB-contaminated Pigment Red used in commercial products);

- A relevant point of human exposure to the PCBs present in that medium (e.g., contact with affected products); and
- A route of uptake at the exposure point (e.g., ingestion of the affected product).

A pathway will be considered complete if all four elements are present, and incomplete if one or more of these elements are not present.

EXPOSURE ASSESSMENT

The exposure assessment will focus on Pigment Red 214 and 414, and the associated PCB congeners detected in these pigments. From a risk perspective, they are considered the "Chemicals of Potential Concern." Initially, a preliminary CEM will be developed. Current data and other information will be incorporated into the model. The result of these activities will be a CEM that will direct future activities, including obtaining additional data. This process will include the identification of data gaps in the exposure model, or those portions of the CEM that lack data or an appropriate level of information, and a work plan to address these data gaps. We would expect this to be an iterative process, as data are collected to fill in areas where information is lacking, additional data gaps may be identified and subsequently addressed.

The work plan will address the following exposure related activities:

- Development of data quality objective, which will prioritize the efforts to obtain the needed data; and,
- Allow an opportunity for a reality check on the data gaps (i.e., do we really need this information to adequately evaluate exposures).

TOXICITY EVALUATION

Risk is a function of exposure and the inherent toxicity of the chemical to human populations. The previous paragraphs outline the components of a work plan designed to quantify to the extent possible exposure to PCBs that are by-products of the production of Pigment Red 214 and 414. The additional step of quantitative toxicity information will also be addressed in the work plan. Specifically, the need to collect data that characterized the PCBs previously found in the Pigment Red will be evaluated. Historically, PCBs have been analyzed, and toxicity characterized, as Aroclor-equivalents, because the most common use of PCBs had been in electrical equipment that contained Aroclor mixtures (a Monsanto trade name). However, acknowledging that these mixtures have changed over time because of environmental factors, more analysis is being conducted on either a homologue or congener-specific basis. Unfortunately, to date very little toxicity information has been developed on a similar homologue or congener-specific basis. Thus, the utility of these types of data for quantifying risks is a potential uncertainty.

Not only the need for, but also the type of data that are required to adequately characterize the toxicity of the complex compounds known as "PCBs" will be provided to USEPA for their review and comment. This discussion will be included in the "Data Needs for Risk Characterization" section of the work plan.

SUMMARY

On behalf of Clariant, BBL Sciences proposes to develop and submit to USEPA a work plan for developing a comprehensive Conceptual Exposure Model (CEM) to assist in understanding the potential nature, extent, and distribution of polychlorinated biphenyls (PCBs) associated with specific lots of Pigment Red 214 and 414. The CEM will contain the current state-of-knowledge in terms of exposure and toxicity information. The work plan will include a description of activities related to evaluating the applicability of the current information, the identification of data gaps and proposed approaches for filling these gaps. The "recommendations section" of the plan will propose specific "next steps" in terms of data collection, and this will be used in discussion with USEPA as a path forward is developed. Additional data will not be collected until identified efforts have been approved by USEPA.

If you have any questions, or require and additional information, please contact me at your conveniences.

Sincerely,

BLASLAND, BOUCK & LEE, INC.



John D. Schell, Ph.D.
Toxicologist/Vice President

cc: Erin Russell
John Paul
Robert Freet

REFERENCES

USEPA. 2004. USEPA Superfund Risk Assessment Glossary (<http://www.epa.gov/superfund/programs/risk/glossary.hgt>).

ORNL (Oak Ridge National Laboratory). 2004. Site Conceptual Exposure (SCEM) Builder. (<http://homer.ornl.gov/oepa/programs/scem.cfm>).

USEPA. 2002. Supplemental Guidance for Developing Soil Screening Levels for Superfund Sites. OSWER 9344.4-24 (http://www.epa.gov/superfund/resources/soil/ssg_main.pdf).

***** -IND. XMT JOURNAL- ***** DATE MAY-03-2004 ***** TIME 15:48 *****

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Region 1

1 Congress Street, Suite 1100
BOSTON, MA 02114-2023

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-RESTRICTED INFORMATION

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Date: May 3, 2004

To: Laura Casey

Fax: 202-566-0473

From: Kim Tisa (617) 918-1527

Number of pages including cover: 7

Return Fax: 617-918-0527

Message:

Clariant project plan for risk assessment. Main discussion is contained in the BBL letter.
Thanks for your input.



Laura Casey

02/03/2004 09:24 AM

To: Kimberly Tisa/R1/USEPA/US@EPA, Dave
Hannemann/DC/USEPA/US@EPA
cc:
Subject: Re: Versar WA 5-6 Potential COI

FYI - Versar's COI letter

Laura

----- Forwarded by Laura Casey/DC/USEPA/US on 02/03/04 09:20 AM -----



Linda Phillips
<LPhillips@versar.com>
>

02/02/04 04:56 PM

To: Eleanor Nolan/DC/USEPA/US@EPA
cc: Danielle Buser/DC/USEPA/US@EPA, Laura
Casey/DC/USEPA/US@EPA, Robert
Krumhansl/DC/USEPA/US@EPA, Cathy Turner/DC/USEPA/US@EPA
Subject: Re: Versar WA 5-6 Potential COI

Hi Eleanor - As promised, I have attached a letter describing the potential conflict of interest issue under this work assignment. Please note that this email contains both the letter and Attachment A (Attachment B is not included in this email). Hard copies of the Letter and Attachment A have also been mailed to you along with Attachment B (organization chart). If you have any questions regarding these materials, please feel free to call. Thank you.
Linda

Linda Phillips, Ph.D.
Vice President and Director
Exposure/Risk Assessment Division
Versar Inc.
6850 Versar Center
Springfield, Virginia 22151
(703) 750-3000, ext. 582 (phone)
(703) 642-6813 (direct phone)
(703) 642-6954 (fax)
LPhillips@versar.com

>>> <Nolan.Eleanor@epamail.epa.gov> 01/29/04 02:58PM >>>

Linda,

Just to follow up with our phone conversations this afternoon, it would be helpful if you would provide me with the following information via reply to this email:

Restate the details of the issue of pigment contaminated with PCB's in laymen's terms, specifically;

- 1) Define the industrial hygiene work done for the commercial customer by Versar
- 2) The difference between an occupational risk assessment and end user risk assessment (specifically what the assessments might be used for)
- 3) Details as to the time frame and level of work completed on any of these projects, to date

After I receive this additional information I will discuss this fully with EPA's policy group and Bob Krumhansl and let you know where we

stand. I thank you for the detailed explanation I already received via phone. If anything else comes to mind please call.

Eleanor Nolan
Contract Specialist
U.S. EPA
OAM/HPOD/PCSC

202-564-3446 voice
202-565-2561 fax

1200 Pennsylvania Ave., NW
3803 R Room 71189
Washington, DC 20460



COI Attachment A.wp; conflict of interest letter.wp

Attachment A

Chronology of Events, IL Office Concerning PCB-Contaminated Materials Project

Early October 03: A confidential commercial client (that provides worldwide holography and specialty coated film and that designs, manufactures and markets chemically complex, multi-layer, transferable coatings and sophisticated holographic technologies) was informed by its supplier that it had received PCB-contaminated supplies. The confidential commercial client (referred hereto as CCC) is a 15-year customer with Versar. Versar has a \$10K/yr retainer with the firm to provide answers to questions or to perform small jobs that involve environmental and/or occupational safety support work. We have provided this service for many years. Individual projects that exceed the \$10K are funded separately.

CCC contacted Versar and asked Versar to address the problem of PCB-contaminated material being present in the workplace and the resulting occupational exposures. Versar initially investigated the scope of the problem and recognized the need to determine the exposure of workers, resulting in an exposure and risk assessment. Since the Chicago office has no expertise in exposure and risk assessment they informed CCC that the expert at Versar is Dr. Linda Phillips.

In mid-October 2003, CCC contacted Dr. Phillips who immediately recognized this could be a potential conflict issue with EPA and told CCC that she could not answer any questions and that Versar could not do an exposure or risk assessment for them.

Dr. Phillips and Jerry Strauss, Senior Vice President for Environmental Services at Versar, called the Chicago office and told them there could be a potential conflict-of-interest and Versar could not perform the assessment.

The Chicago office, in an effort to accommodate its long-term customer, provided CCC with the name of a firm, Swann Foster, in Colorado that had a good reputation in risk assessment. Chicago personnel spoke with Swann Foster and told them about the project indicating that Versar would not support the risk assessment study itself. However, recognizing the urgency of the problem and to further accommodate the client, Versar's Chicago office subcontracted the services of Swann Foster under an existing contract through Holland & Knight (a law firm) to CCC. Chicago personnel believed that this arrangement would not be a conflict with Versar's EPA work. The contract is dated 24 OCT 03.

To save costs, Swann Foster requested that Versar provide personnel (occupational health) sampling of workers. Using NIOSH Method 500 and 600, a Versar technician took samples on consecutive workdays from 28 Oct – 11 Nov 03. Swann Foster also asked Versar to take wipe samples around the shop; Versar declined because we believed that was an environmental sample and therefore represented a conflict. Jensen Environmental was subcontracted to take the wipe samples.

Personnel sampling analytical results were received by the Versar Project Manager in Chicago. He reviewed the results and sent them on to Swann Foster. The Versar Project Manager was sent the Draft Risk Assessment Report on 08 Dec 03, he reviewed the section on personnel sampling to ensure the data and descriptions of what Versar personnel did was accurate. He did not comment on the risk assessment itself since he does not have the expertise or knowledge to do so.

The Versar Project Manager received the final Risk Assessment Report from Swann Foster on Friday, 12 Dec and sent the Final Report to Holland & Knight on 16 Dec.

Versar invoiced Holland & Knight in early December 03. The invoice costs breakdown as follows:

Total Contract:	\$34,500
Total Revenue and Invoiced Amount:	\$30,922
Total Versar Labor:	\$9,839
Total Subcontractor Costs:	\$16,019
Total Subcontractor Mark-up:	\$654
Total Contract Fee:	\$4,410
% Profit:	14.26%

The amount of this contract is insignificant compared to our revenue base of \$57 million for our last fiscal year.



February 2, 2004

Ms. Eleanor Nolan
U.S. Environmental Protection Agency
OPPTS Contract Support Group
3803R
1200 Pennsylvania Ave., NW
Washington, DC 20460

Reference: Contract No. 68-W-99-041 - Work Assignment 5-6, Potential Conflict of Interest

Dear Ms. Nolan:

In accordance with Clause H.2 "Organizational Conflicts of Interest" and Versar's Conflict Interest Management Plan, we are notifying you of a potential conflict of interest under Contract No. 68-W-99-041, Work Assignment 5-6. The background relating to this situation is provided below, along with our conflict of interest mitigation plan.

As you know, under Work Assignment 5-6 of Contract 68-W-99-041, Versar provides EPA/OPPT, National Programs Chemicals Division (NPCD), Fibers and Organics Branch (FOB) with technical support for the development and review of risk assessments involving polychlorinated biphenyls (PCBs). Many of the PCB risk assessments that Versar staff review for NPCD/FOB are those that have been submitted to EPA by government or commercial entities under the regulatory requirements for PCBs under Section 6 of the Toxic Substances Control Act (TSCA). Versar's role in conducting these reviews is to evaluate the assessment strategy, data, and conclusions reached, as well as to conduct a comprehensive check on the exposure/risk values presented and to provide comments to the EPA WAM concerning potential risks.

On January 29, 2004, we provided you with preliminary information via telephone regarding a potential conflict of interest under this work assignment. This was followed up by phone and email notifications on January 30, 2004.

The potential conflict was identified in the first few minutes of a meeting that was being held at EPA's Washington, DC office with representatives from EPA Region 1, EPA Headquarters (NPCD/FOB), Clariant Corporation, BBL Sciences (Clariant's contractor), and Versar (EPA's contractor). The meeting was a kick-off meeting allowing Clariant to discuss issues involving inadvertent PCB contamination of pigments that it had manufactured and distributed to its customers. Immediately after introductions were made at this meeting, Clariant Corporation's Senior Counsel mentioned that Versar had done work for one of their customers on this issue. I immediately recognized this as a potential conflict and excused myself from the room to call my office in Springfield to get additional information. I returned to the meeting for a few minutes longer, and then after receiving a return call from my office with the information described below, I did not return to the meeting, but discussed the issues with OPPT personnel who then contacted

your office for guidance. Another Versar scientist also left the room and did not return to the meeting. Based on the email message that I received from you, I have attempted to:

“Restate the details of the issue of pigment contaminated with PCB's in laymen's terms, specifically; 1) Define the industrial hygiene work done for the commercial customer by Versar; 2) The difference between an occupational risk assessment and end user risk assessment (specifically what the assessments might be used for); 3) Details as to the time frame and level of work completed on any of these projects, to date.”

Clariant Corporation, with assistance from its contractor (BBL Sciences), will be conducting a risk assessment to address exposures to PCBs as a result of materials containing the contaminated pigment. It is my understanding, based on my conversation with Kim Tisa from EPA Region 1, that Clariant's primary concern is to evaluate risks from end-use products (i.e., products that contain the pigment) and not exposure to persons in the manufacturing process. These end-use products are manufactured by their customers. Clariant manufactures the pigments and supplies them to customers who either use them in end-use products or to processors who reformulate or package the pigments to be sold to an end-user. End-use products can include consumer products (e.g., flooring), tools (e.g., screwdriver handles), or other materials. The risk assessment for the end-use products will evaluate risks for the populations that come into contact with these materials (e.g., workers who install flooring or residents who are exposed in their homes). We understand that Versar's role would be to provide technical support to EPA in reviewing the Clariant risk assessment at any stage in its development.

Clariant has a customer that processes the pigment and supplies it to end-users (it is our understanding that this customer does not manufacture end-use products; it processes the pigment for further use in end-products). Versar's Chicago office provides environmental services to this company (i.e., Clariant's customer) (and has for over 15 years through a series of master service agreements). In October 2003, the company contacted Versar to request that Versar assist it in conducting a risk assessment for the workers at their plant that may have come into contact with the PCB-contaminated pigment. Since the Chicago office has no expertise in risk assessment, the work would have had to have been done by Versar's Exposure and Risk Assessment Division in Springfield, Virginia, which is headed by myself.

When notified about the work, I immediately informed the Chicago office that Versar could not conduct this work because we have a work assignment with EPA under which we review such assessments and that we may be asked to review risk assessments related to this issue in the future. The Chicago office, in an effort to help its customer, provided it with the name of a firm, Swann Foster, in Colorado that had a good reputation in risk assessment. Versar Chicago personnel spoke with Swann Foster and told them about the project indicating that Versar would not support the risk assessment study itself. However, recognizing the urgency of the problem, Versar's Chicago office subcontracted the services of Swann Foster under an existing contract through Holland & Knight (a law firm). Chicago personnel believed that this arrangement would not be a conflict with Versar's EPA work. To save costs, Swann Foster requested that Versar take personnel (occupational health) samples of workers. Using NIOSH Method 500 and 600, a Versar technician took samples on consecutive workdays from October 28 to November 11, 2003. Swann Foster also asked Versar to take wipe samples around the shop. Versar's Chicago office declined because they believed that

was an environmental sample and therefore represented a conflict. Another firm, Jensen Environmental was subcontracted by Versar Chicago to take the wipe samples. Note that Versar's Chicago office does not have expertise in risk assessment and thus could not review or otherwise direct any of the risk assessment efforts on the part of their subcontractors. See chronology of Chicago office work described in Attachment A.

As mentioned previously, all Versar risk assessment work is done by the Exposure and Risk Assessment Division in the Springfield office which had no knowledge of the Chicago office's subcontracting arrangement. Note also that the occupational sampling conducted by Versar, as described in Attachment A, was not done to characterize risk among end-users of products containing the PCB-contaminated pigments, but to characterize any industrial hygiene issues (e.g., exposures) among workers at Versar's commercial client's (Clariant's customer's) plant. Likewise, the work being conducted by Swann Foster was to characterize risks among workers and not among individuals handling end-use products (e.g., consumer products, tools, or other materials). At no time did a Versar Chicago employee conduct any risk assessment activities.

The following timeline depicts the sequence of events as I believe they occurred.

- In mid-October, a confidential commercial client contacted me (Dr. Phillips) based on a referral from our Chicago office, and mentioned that he had an issue regarding PCB-contaminated pigment. I immediately recognized this could be a potential conflict issue with EPA and told him that I could not answer any questions and that Versar could not do an exposure or risk assessment for them. I, along with Jerry Strauss, Senior Vice President for Versar's Environmental Operations, called the Chicago office and told them there could be a potential conflict of interest and Versar could not perform work related to an assessment of the risks associated with PCBs for their client. At the time, Versar had not yet been told by EPA that we would be reviewing any risk assessments involving PCB-contaminated pigments, but we were anticipating such work once we heard that there was a PCB-contaminated pigment in commerce.
- In early November Versar's Springfield Office was informed by EPA/NPCD/FOB that they would need Versar's assistance on a risk assessment that would be conducted on products containing PCBs as a result of the inadvertent contamination of pigments. I mentioned this to Jerry Strauss, our Senior Vice President, who then called our Chicago office to ensure that they had not engaged in any risk assessment related activities for the confidential commercial client that had contacted them previously. He was told that they had only done some industrial hygiene samples (i.e., dust samples collected via personnel monitors on the employees). I then informed both Laura Casey, EPA Work Assignment Manager, and Kim Tisa, EPA Region 1 about my previous conversations with the Chicago office and told them that they would not be involved in the risk assessment, but that they had collected some industrial hygiene samples for the purposes of evaluating worker safety. I was unaware of the subcontracting arrangements of the Chicago office.

- In early November, I had a brief conversation with Kim Tisa, EPA Region 1, and Laura Casey, EPA/OPPT/NPCD/FOB regarding this work. This conversation was less than ½ hour in length. Kim Tisa sent Versar some materials which were briefly scanned in preparation for a meeting to be held on January 29, 2004 at EPA (no hours were charged to this effort). Additionally, Versar received several brief email messages regarding the time and place for the meeting.
- On January 29, 2004 Versar Springfield risk assessment personnel (Dr. Linda Phillips and Ms. Diane Sinkowski) traveled to EPA Headquarters in Washington, DC to attend a kick-off meeting for the Clariant risk assessment work. Once Versar arrived at the meeting, introductions were made and the potential conflict was immediately identified after Clariant's Senior Counsel mentioned that Versar's Chicago office (John Angstman) had done work for one of their customers. Note that Versar did not have a list of Clariant's customers as this was considered confidential. Versar had no more involvement at the meeting and will await guidance from EPA before commencing work on this project.
- I called my office in Springfield, Virginia and asked Senior Vice President, Jerry Strauss, to contact our Chicago office to ask about this. Jerry Strauss called me back and I learned for the first time that the risk assessment for Chicago's confidential commercial client was performed by Swann Foster through a Versar contract with the confidential commercial client's law firm.

Versar does not believe there is a conflict relative to Clariant's proceedings based on the following facts:

- Apparently, both EPA and our confidential commercial client are adverse to Clariant concerning this issue.
- There is a separate organization within Versar that serves EPA (i.e., Division 12 in Springfield) and a separate organization that serves the confidential commercial client (i.e., Division 40 in Chicago). See organization Chart in Attachment B.
- None of the staff of Division 12 over which I supervise have had any contact with Versar's Chicago office and has not participated in the work or contracting done for the confidential commercial client on this matter. Therefore, we believe no actual or potential conflict of interest has occurred.
- No persons in Division 12 have or will perform work for any organization except EPA or other government agencies.
- The actual work performed by Division 40 relative to this issue was occupational health and safety related and is not relevant to the risk assessment support that Versar Division 12 personnel perform for EPA/OPPT/NPCD/FOB.

- Because of Versar's effective conflict of interest identification procedures, the firm and the affected personnel immediately identified a potential conflict of interest situation. Unfortunately, by attempting to accommodate a long-time customer, Versar personnel in our Chicago office did not take appropriate actions to eliminate the possibility of or potential for a conflict of interest.

If EPA decides there is a potential conflict of interest situation, pursuant to Clause H.2 of our contract, then Versar proposes the following conflict of interest mitigation plan to allow it to continue its work for EPA:

1. Organizational Structure - Versar, Inc. is organized into three business units: environmental, architecture/engineering, and defense. Each business unit is headed by a Senior Vice President, each of whom reports to the President and CEO. See Attachment B - Organizational Chart. The two operations involved in this issue are in the Environmental business unit and report to Jerome Strauss, the General Manager and Senior Vice President. The Environmental business unit is further subdivided. The operating group supporting EPA is our Division 12, headed by Dr. Linda Phillips, Vice President. Division 12 is located in Springfield, Virginia. The group working with our commercial client is our Chicago, Illinois Division 40 office which reports to the Western Regional Vice President who in turn reports to Mr. Strauss. The Conflict of Interest Officer is the Corporate Legal Counsel, reporting directly to the President and CEO. This organizational structure is such that the work performed by the two conflicted groups will be managed by different officers in separate divisions of the Company. The Conflict of Interest Officer will oversee their activities to ensure that the work for EPA remains within Division 12 and is separate from the work conducted by the Chicago office for the commercial client.

2. Staffing - The staff in Division 12 is geographically separate from the Chicago office. The staffs will remain segregated and neither will provide support to the other on the conflicted project. The staffs will be directed not to discuss or disseminate any information regarding their tasks with the conflicted group. Each group will be denied access to the other group's records regarding the work at issue. Any interaction between the two groups on any matter will be cleared through the Conflict of Interest Officer to ensure no exchange of information on the conflicted project.

3. Project Review - The Conflict of Interest Officer will conduct periodic reviews of both operations' work. The purpose of the reviews will be to ensure objective work products and to monitor compliance with this plan.

4. Training - The Conflict of Interest Officer will provide training to the Chicago office on conflicts of interest to ensure they understand the restrictions in our contract. The staff in Division 12 and the Chicago office will be briefed on the mitigation plan and asked to certify that they understand and will comply with the procedures in the plan.

5. Versar's Chicago office will offer no further support to its confidential commercial client on this PCB issue.

Please let me know if you need additional information. We look forward to continuing our work for EPA on this project.

Sincerely,

Linda Phillips, Vice President
Program Manager

LP/wp
Enclosures

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 1
1 Congress Street, Suite 1100
BOSTON, MA 02114-2023

Memorandum

Date: January 12, 2004

Subj: Additional End Use Information - Pigments
Clariant Corporation

From: Kim Tisa, PCB Coordinator *Kim Tisa*
Office of Ecosystem Protection

To: Linda Phillips, Ph.D.
Versar

Enclosed is a compiled list of known end product uses for the Clariant Corporation's pigments we have discussed. The table provides the type of product sold, the weight percent of pigment used in the product sold (based on homolog analysis) and the end use, if known. The PCB concentration provided for the end use product has not been measured by either EPA and/or Clariant. Therefore, EPA cannot at this time ascertain the accuracy of the PCB concentration for the end use provided in the table.

Please also be aware that subsequent to the information provided by Clariant via this table, EPA received information on 2 additional end uses which were spa water basins, including plumbingware (e.g. surround, bathtub, etc) and solid surface countertops.

I look forward to our upcoming meeting on January 29 at EPA-HQ. If in the interim I receive additional information, I will send it to you.

Pigment Use Sectors

- Industrial Applications
 - "brushing" epoxy for transformer manufacturing
 - Automotive electrical connectors
 - Container for used disposable syringes
 - Fuel, Oil, and refrigerant tubing.
 - Injection mold, security key housing, lab device/tool
 - Labeling on injection molded control knob
 - Non-Food Closure (for household cleaning product)
 - Screwdriver handle
 - Sheet - Point of Purchase display for batteries,
 - Sheet-seals, gaskets
 - Snow flap
 - Spacer on Automotive Wiring Harness
 - Tool handle
 - Tubing for truck air brakes

Pigment Use Sectors

- Additional information needed
 - Automotive fabric
 - Fibers
 - Minor toy part
 - Ink
 - Textile printing
 - Film
- Material from no response customers

Pigment Use Sectors

- Consumer items-
 - Carpet fiber
 - Carpet yarn
 - Fiber - upholstery
 - Film for decorating outside of intravenous solution bags
 - Multi layer film for cheese packaging
 - Flooring
 - Shampoo cap
 - Food tray, meat/poultry*
 - Counter tops*